

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS  
**ENTERED**  
TAWANA C. MARSHALL, CLERK  
THE DATE OF ENTRY IS  
ON THE COURT'S DOCKET

IN RE:

Q4i, INC.

Debtor

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§

Case No. 03-30689 HDH-11

**FINDINGS OF FACT AND CONCLUSIONS OF LAW  
ON SEPTEMBER 24, 2003 BORROWING MOTION**

The following Findings of Fact and Conclusions of Law supplement the oral ruling, findings and conclusions made on October 2, 2003:

**Findings of Fact**

1. The Court notes, from previous post-petition loan motions, that the Debtor has few other opportunities for a loan. This Court has previously approved a loan on a super-priority basis. The Debtor's only other proposal for a loan at this time, from a group in North Carolina, is also a loan with a super-priority claim. To date the Debtor has not been profitable. The Debtor is about three months behind in a number of payables. It has been in a bankruptcy case for many months. It would not be an attractive borrower for a traditional lender. Based on the record as a whole, the Court determines that the Debtor would not be able to obtain credit on an unsecured basis, or simply on an administrative priority basis.
2. Mr. Fred Storaska and his son, Mr. Brett Storaska, have agreed to allow a disinterested workout specialist to be appointed to operate the Debtor on a day to day basis. They have agreed that the workout specialist shall manage the Debtor's affairs. The concessions by Fred

and Brett Storaska satisfy a long sought goal of the petitioning creditors and solve a problem brought to the Court's attention by former employees. Mr. Joey Storaska testified credibly that Fred and Brett Storaska would obey a Court order and this Court has made the agreement concerning management and the workout specialist part of its order.

3. This case is still in the exclusivity period, albeit at the end of such period. Some deference should be afforded the Debtor to attempt to reorganize its affairs. The loan furthers that end.
4. It appears that the loan sought by the Debtor will bring some stability to the Debtor and a sense of direction. The loan will pay employees their past due wages and will bring the Debtor current on its post-petition obligations. Credible testimony was offered by several witnesses to the effect that the loan will serve as a bridge to other funding sources.
5. The loan, combined with the concessions and agreements by Fred and Brett Storaska, is in the interest of the Debtor, the creditors, and the estate.
6. Any Conclusion of Law may also be deemed a Finding of Fact.

#### **Conclusions of Law**

1. This Court has jurisdiction over this motion. *See* Bankruptcy Code Section 364.
2. The Debtor has shown, by a preponderance of the evidence, the necessity for the loan and the fact that the loan is in the interest of the estate. The petitioning creditors case was a good one and the question was close. However, based on the record as a whole and the present status of the bankruptcy case the Court approves the loan and the stipulations announced in open court.
3. The stipulations between Fred and Brett Storaska and the Debtor announced in open court at the hearing are incorporated into the order entered by the Court approving the loan. As

mentioned in the oral ruling, a violation of the stipulation by any party will be considered contempt of court.

4. Any Finding of Fact may be deemed a Conclusion of Law.

SIGNED: 10/3/03



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**Harlin D. Hale**  
**United States Bankruptcy Judge**